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192 B56WAR FOOD ADMINISTRATION  
Office of Distribution  
5 South Wabash Avenue  
Chicago 3, IllinoisBLACK PEPPER SUPPLY SITUATION

The crops of black pepper from the chief source of supply, the Netherlands East Indies, were above normal for several years preceding the war and due to correspondingly heavy importations into this country there was sufficient stock on January 1, 1942, to last fully three years on a basis of our normal consumption. The first government order regulating spices was the conservation order under the War Production Board which became effective May 8, 1942. This regulated eight spices including black pepper and white pepper. This order was superseded by War Food Order 19. The percentage of distribution permitted by the various classifications of trade under this order have been scaled down from 100% to the present 40% as stocks were heavily drawn against and no replenishment is in sight.

There is at present sufficient supply of pepper in the country to last until January 1, 1946, if it is distributed on the basis of War Food Order 19 for civilian use and with allowances for allocations on the present basis to the military and other government procurement programs. Most of this pepper in whole form is owned by various importers and dealers in the spice business, and others who hold pepper for investment purposes. A program of distribution has developed because most of these holders have declined to offer their pepper, as they consider the ceiling price established by the Office of Price Administration in February 1942 of 63¢ per pound to be too low and claim that it shows them a loss. Consequently the spice grinders and packers through whom pepper is normally distributed for food manufacturing and consumer needs have been unable to procure sufficient pepper to operate even to the extent of their permissible quotas under the War Food Order.

Numerous petitions were submitted to the Office of Price Administration seeking relief, but adjustment of the price ceiling by these have been denied, and the Office of Price Administration has stated that the present price is fair on the basis of which it is established. The War Food Administration, after endeavoring to effect distribution without success, on March 10, 1944 requisitioned a quantity of pepper from a number of holders. Injunction proceedings were instituted in the court by one of the holders to prevent the government from distributing the pepper requisitioned from it. This resulted in a hearing on July 10, 1944. Following this, the decision of the court has denied the government's petition for summary judgment and held that the Requisition Act was not intended to permit the requisitioning of property for other than military use. Consequently, this Administration is not in a position to make this pepper available for essential needs as was planned.

This is recognized as a serious problem since there is a reasonable supply of a commodity which is not being made available for reasonable distribution. The question generally is being given further careful study and consideration by this and other government agencies with the hope that a solution may be reached to correct this condition.

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JUN 11 1944

## SUGAR SUPPLY SITUATION

The current tight sugar supply situation reflects the inability of refineries to refine and to distribute sugar in the quantities required to meet the demand for sugar which is now at its seasonal peak. In addition, we entered the summer months with abnormally low stocks of sugar in the hands of primary distributors, thus, reducing the portion of the summer demand that can be met out of inventories rather than current production.

Arrivals of sugar from offshore areas have been larger this year than last; during the first 7 months of 1944 they totaled 3,329,391 short tons, raw value, compared with 2,819,852 tons during the same months in 1943. However, requirements against our supply are larger than last year, and during the first six months of 1944 primary distributors delivered 3,202,262 tons of sugar, raw value, compared with 2,843,663 tons during the same period in 1943. This increase in distribution, together with reduced domestic production of beet sugar in 1943, have counterbalanced our increase in imports and stocks of sugar on hand are below stocks on hand at the same time last year. On June 30, 1944, stocks of sugar held by primary distributors totaled 1,287,717 tons, raw value, compared with 1,478,869 tons on the same date in 1943. These total stock comparisons underestimate the reduction in stocks of refined sugar available to meet the peak seasonal demand, since refiners were holding approximately 74,000 tons more of raw sugar in 1944 than in 1943.

In addition to the fact that sugar use, both by the military and by civilians, is larger than last year, mainland cane refineries on the East and Gulf coasts must now refine and distribute a larger proportion of our total supply of sugar, because of the reduced domestic production of beet sugar. At the end of June, 1943, beet sugar processors had stocks of refined sugar equivalent to 637,600 tons of raw sugar; this year they hold 371,100 tons. Thus, this year cane refineries must supply sugar to users who formerly were supplied by beet sugar processors.

Mainland cane sugar refineries, like other industries, are handicapped by labor shortages. While they are refining and delivering more sugar than last year, they have not been able to increase their output of refined sugar sufficiently to meet the peak summer demand, especially in view of the reduced supplies of beet sugar.

The Office of Labor is attempting to secure high labor priority classifications for the sugar refineries in order that refineries may obtain sufficient labor to further increase their output. All Office of Distribution representatives on local Production Urgency and Manpower Priorities Committees have been informed of this problem and have been asked to request the cooperation of the committees in granting refineries higher labor priorities. In addition, the Commodity Credit Corporation is formulating a subsidy program designed to encourage the importation of refined cane sugar into this country from Cuba. Both of these steps will be helpful in the situation, however, we can expect the sugar situation to continue to be tight for the next few months.

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